

STATE OF MAINE)	
PUBLIC UTILITIES COMMISSION)	Docket No. 2002-770
)	Phase II
)	
)	September 26, 2003
)	
MAINE PUBLIC UTILITIES COMMISSION,)	
Investigation of Central Maine Power Company)	
Stranded Cost Rates and Request for)	STIPULATION
Accounting Order)	
)	

The undersigned parties to the above-captioned proceeding (the “Parties”) hereby enter into this Stipulation to provide for (1) approval by the Maine Public Utilities Commission (“Commission”) of a proposed settlement between Central Maine Power Company (“CMP”) and FPLE Energy Maine, Inc. (FPLE”) and a proposed settlement between CMP and the Wyman 4 Minority Joint Owners (“Joint Owners”) regarding transmission line losses, and (2) a finding of prudence by the Commission with respect to the proposed settlements.

THE PARTIES TO THIS STIPULATION STIPULATE AND AGREE THAT:

1. On June 27, 2003, CMP filed a petition seeking Commission approval of proposed settlement agreements between CMP and FPLE and between CMP and the Joint Owners and requesting that the Commission find both settlement agreements to be prudent. This petition was originally filed under Docket No. 97-580 but was re-docketed under Docket No. 2002-770 and designated as Phase II of CMP’s most recent stranded cost proceeding.

2. In the June 27 petition, CMP also requested that the Commission permit reduction of the Asset Sale Gain Account (“ASGA”) by \$630,000 plus legal fees (currently totaling roughly \$30,000) plus carrying costs from the date of actual payment and, in the event that the balance in the ASGA is not sufficient to recover these costs, that the Commission permit CMP to

recover those costs through stranded cost rates at the time stranded cost rates are next reset. This treatment is in accordance with Sec. 3208 of the Restructuring Act and has previously been approved by Commission Order.

3. At a Case/Technical Conference held on September 4, 2003, CMP briefed Commission Staff and the Parties in detail regarding the etiology of the line loss dispute with FPLE and the Joint Owners and CMP's assessment of the settlement offer. CMP's Manager of Transmission Services and its legal counsel explained how they had evaluated the facts surrounding the line loss dispute and the parties respective legal positions, and, after negotiating for more than six months, reached a proposed settlement agreement. Absent the proposed settlement agreements with FPLE and the Joint Owners, and presuming a litigation outcome adverse to CMP's interests, ratepayers would become liable for recovery of the line losses in rates. CMP estimates these line losses at [REDACTED] (not including potential ICAP charges) for an estimated total liability to date of [REDACTED]. These line loss charges would continue to accumulate throughout the term of any continued litigation resulting in even greater financial exposure to CMP ratepayers. In addition, CMP estimates legal costs to continue pursuing litigation of at least approximately [REDACTED], a potential additional cost to ratepayers.

4. The Parties therefore agree that settlements totaling \$630,000 plus legal costs and carrying costs from the date of actual payment is a reasonable resolution of the dispute and urges the Commission to find

- (1) the settlement between the Company and FPLE prudent;
- (2) the settlement between the Company and the Joint Owners prudent;

- (3) permit reduction of the ASGA by \$630,000 plus reasonable legal fees
(currently totaling roughly \$30,000) plus carrying costs from the date of actual payment; and
 - (4) in the event that the balance in the ASGA is not sufficient to recover such costs, allow CMP to recover these costs through stranded cost rates at the time stranded cost rates are next reset.
- 5. Other. All provisions of the Docket No. 2002-770 (Phase I) settlement that are not in conflict with this Stipulation are incorporated into this Stipulation and remain in effect.
- 6. The execution of this Stipulation by any Party shall not constitute precedent as to any matter of law or fact nor, except as expressly provided herein, shall it foreclose any of the Parties from making any contention or exercising any right, including rights of appeal, in any other Commission proceeding or investigation, or any other trial or action.
- 7. The Parties intend that this Stipulation be considered by the Commission for adoption as an integrated solution to the issues addressed herein which arose in the above-captioned proceeding and as otherwise presented in this Stipulation. The parties also intend that this Stipulation shall be null and void, and not bind the parties in the above-captioned proceeding, in the event the Commission does not adopt this Stipulation without material modification.
- 8. If not accepted by the Commission in accordance with the provisions hereof, this Stipulation shall not prejudice the positions taken by any Party on these issues before

the Commission in this proceeding and shall not be admissible evidence therein or in any other proceeding before the Commission.

9. The parties waive any rights to an Examiner's Report and waive the *ex parte* rules in order that the Staff can provide their views on this proceeding to the Commission.

Dated: _____

CENTRAL MAINE POWER COMPANY

By: _____

Dated: _____

THE PUBLIC ADVOCATE

By: _____

Dated: _____

INDUSTRIAL ENERGY CONSUMER GROUP

By: _____